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UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION

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CLERK, U.S. DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE, FLORIDA

UNITED STATES OF AMERICA

v.

EDWARD LEE DUGGER  
JOSEPH ARTHUR DEESE

Case No. 3:10-cr-167-4-32 MCR  
Ct. 1: 18 U.S.C. § 371  
Ct. 2: 18 U.S.C. § 1951  
Forfeiture: 18 U.S.C. § 981(a)(1)(C)  
28 U.S.C. § 2461(c)

INDICTMENT

The Grand Jury charges:

CERTIFIED A TRUE COPY  
SHERYL L LOESCH, CLERK  
U.S. DISTRICT COURT  
By: Andre S. Abille  
Deputy Clerk

COUNT ONE  
(CONSPIRACY TO PAY KICKBACKS)

A. INTRODUCTION

At all times material herein, unless otherwise specified:

THE DEFENDANTS

1. EDWARD LEE DUGGER (DUGGER), a resident of Gainesville, Florida and Quitman, Georgia, is a businessman, owning and operating various corporations and businesses, which include and have included Eddie Dugger Insurance, Inc., American Institutional Services ("AIS"), Enterprise Consultants Group, LLC ("Enterprise Consultants Group") and Republic Product Sales, LLC ("Republic Product Sales").

2. JOSEPH ARTHUR DEESE (DEESE), a resident of Ft. White, Florida, is a businessman and former principal of AIS, as well as a business not registered with the State of Florida, known as Southland Storage.

### **CO-CONSPIRATORS**

3. James Vernon Crosby (Crosby or Secretary Crosby) was the former Secretary of the Florida Department of Corrections from on or about January 7, 2003 to February 10, 2006, when Crosby submitted his resignation to then Governor Jeb Bush. During that period, Crosby was an agent of the State of Florida and Florida Department of Corrections.

4. Allen Wayne Clark (Allen Clark) was a former high ranking Florida Department of Corrections employee and manager, who held numerous different managerial positions during his tenure with the Florida Department of Corrections, including Warden at New River Correctional Institution in Bradford County, Florida and Regional Director of Region I for the Florida Department of Corrections (the Panhandle area of Florida). Clark resigned from the Florida Department of Corrections on August 31, 2005. During the period that Clark served as the Warden at New River Correctional Institution and subsequently as Regional Manager of Region I, Clark was an agent of the State of Florida and Florida Department of Corrections.

### **ENTITIES**

5. The Florida Department of Corrections ("FDOC") is a legal entity and agency within the government of the State of Florida which is primarily responsible for overseeing the custody of all inmates housed in prisons throughout Florida. The Secretary of the FDOC is appointed by the Governor of Florida and is the chief governmental officer of the FDOC. In 2003, 2004, 2005 and 2006 (and thereafter), the FDOC received millions of dollars from the United States Government under various

programs that were and are utilized to equip, implement and fund various FDOC programs, activities and operations.

6. Keefe Commissary Network ("Keefe Commissary") is a St. Louis, Missouri corporation that, among other things, specializes in selling foodstuffs and other items to state prison facilities for sale to inmates and inmate visitors in canteen grocery type stores inside prison facilities. Keefe Commissary is a related company to Keefe Corporation, both of which fall under the corporate umbrella of Keefe Supply Company.

7. American Institutional Services, Inc. ("AIS") was a Florida corporation located at 3720 N.W. 43rd Street, Suite 100, Gainesville, Florida. DUGGER was the President of AIS. DEESE was the Vice President of AIS. AIS was incorporated on June 23, 2004 and voluntarily dissolved on July 25, 2006. The sole reason AIS was incorporated was to serve as a sub-contractor for Keefe Commissary in connection with its contract with FDOC involving prison canteens.

8. Eddie Dugger Insurance, Inc. ("Eddie Dugger Insurance"), located at 3720 N.W. 43rd Street, Suite 100, Gainesville, Florida, is an insurance company. DUGGER is the principal of Eddie Dugger Insurance and a listed Personal Financial Representative of Allstate Insurance licensed to sell various insurance products.

#### **B. CHARGE**

From at least mid 2004 through early 2006, in the Middle District of Florida, Northern District of Florida, St. Louis, Missouri and elsewhere,

EDWARD LEE DUGGER  
JOSEPH ARTHUR DEESE,

the defendants herein, did knowingly and willfully combine, conspire, confederate and

agree with each other, James Vernon Crosby, Allen Wayne Clark, and other persons, both known and unknown to the grand jury, to commit an offense against the United States, that is, to corruptly give, offer and agree to give something of value, specifically United States currency and other non-cash gifts to any person, with the intent to influence and reward agents of the Florida Department of Corrections ("FDOC"), an agency of the State of Florida that received more than \$10,000.00 under a Federal program involving a grant, subsidy, loan, guarantee, insurance, and other form of Federal assistance in a one-year period, in connection with a business, transaction and series of transactions involving an organization of the FDOC, involving items of value in excess of \$5,000.00.

In violation of Title 18, United States Code, Section 666(a)(2).

### **C. MANNER AND MEANS**

1. It was part of the conspiracy that DUGGER would and did corruptly give, offer and agree to give items of value, including money and non-cash gifts, to Crosby and Clark, to influence Crosby and Clark in the performance of their official duties.

2. It was further part of the conspiracy that DUGGER would and did corruptly give, offer and agree to give items of value to Crosby and Clark to obtain an advantage over other vendors competing for business contracts with the Florida Department of Corrections (FDOC).

3. It was further part of the conspiracy that DUGGER and DEESE would and did routinely attend various FDOC functions and conferences with Crosby and Clark, and DUGGER would and did provide cash to Crosby's Executive Assistant to stock Crosby and Clark's personal suite with food and alcohol at the various FDOC functions

and conferences in Florida to further influence Crosby and Clark in the performance of their official duties.

4. It was further part of the conspiracy that the corrupt payments and non-cash gifts given by DUGGER would and did cause Crosby and Clark to recommend DUGGER and DEESE's business, AIS, to Keefe Commissary executives which would and did result in a favorable business relationship between AIS, Keefe Commissary and the FDOC which involved the operation of visiting park canteens at various FDOC prisons.

5. It was further part of the conspiracy that AIS employees would and did, at the direction of DEESE and the AIS Office Manager, on a weekly basis, obtain from the various FDOC prisons the cash generated from the visiting park canteen sales.

6. It was further part of the conspiracy that DUGGER and DEESE would and did instruct the AIS Office Manager to withhold a specific amount of cash each week from AIS's bank deposits in order to conceal the nature of the kickback payments from DUGGER and DEESE to Crosby and Clark.

7. It was further part of the conspiracy that DEESE, at the direction of DUGGER, would and did pay monthly kickbacks to Clark who would and did, in turn, place Crosby's portion of the kickback in a pre-determined location for Crosby to retrieve, in order to conceal the nature of the payments.

8. It was further part of the conspiracy that DUGGER and DEESE would and did pay monthly kickbacks to Crosby and Clark to insure the continued business relationship between AIS, Keefe Commissary and the FDOC.

9. It was further part of the conspiracy that DUGGER and DEESE would and did make corrupt cash and non-cash payments to Keefe Commissary executives in order to obtain a more favorable commission structure under the contract between AIS and Keefe Commissary.

10. It was further part of the conspiracy that DUGGER, at the direction of Crosby, would and did continue to make cash payments to Clark, including whatever cash would have been provided to Crosby, after Clark's resignation as Region I Director from the FDOC.

11. It was further part of the conspiracy that from late 2004 through early 2006, DEESE, at the direction of DUGGER, provided the cash kickbacks to Clark, who from about late 2004 through in or about July 2005, in turn provided Crosby his portion of the illegal kickbacks.

12. It was further part of the conspiracy that after Clark's resignation as Region I Director from the FDOC, DEESE, at the direction of DUGGER, would and did continue to make monthly cash payments, including Crosby's portion of the kickbacks, at Crosby's request, to Clark until early 2006.

13. It was further part of the conspiracy that DEESE would and did make the kickback payments to Clark and Clark's associates at various locations, including Gainesville, Florida, Tallahassee, Florida, Bradford County, Florida, Branford, Florida and Sneads, Florida. The kickback payments ranged from \$1,000.00 (in the beginning) to approximately \$12,000.00 per month. The total amount of kickbacks paid to Crosby and Clark were approximately \$130,000.00.

14. It was further part of the conspiracy that DUGGER and DEESE would and

did continue to derive a financial benefit from its business relationship with Keefe Commissary up to about early 2006.

15. It was further part of the conspiracy that the conspirators would and did perform acts and make statements to hide and conceal and cause to be hidden and concealed the purpose of the conspiracy and the acts committed in furtherance thereof.

#### **D. OVERT ACTS**

In furtherance of the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed in the Middle District of Florida, Northern District of Florida, and elsewhere:

1. In or about August 2003, DUGGER and DEESE attended an American Correctional Association conference in Nashville, Tennessee with Crosby, Clark and other FDOC officials and DUGGER purchased, among other things, over \$1,000.00 worth of clothing, boots and apparel from a country and western store for Crosby, Clark and other FDOC officials.

2. In or about mid 2003, DUGGER solicited Secretary Crosby to assist DUGGER in becoming an approved vendor to sell insurance to FDOC employees, and in or about October 2003, DUGGER became such an authorized vendor.

3. In or about early to mid 2004, in exchange for Secretary Crosby facilitating the approval of Eddie Dugger Insurance as an approved post-tax payroll deduction vendor to sell various types of insurance to FDOC employees and assisting DUGGER to obtain better access than other vendors to meet FDOC employees at designated locations inside the prison facilities throughout Florida to consummate these sales,

DUGGER gave Crosby a sum of money in excess of \$1,000.00 directly to Crosby at Crosby's office in Tallahassee, Florida.

4. In or about May 2004, in Bradford County, Florida, DUGGER provided Crosby approximately \$5,000.00 as a kickback for facilitating DUGGER's various business ventures with the FDOC. Crosby then provided approximately \$1,000.00 of this money to Clark and explained to Clark that Clark would have to take full responsibility for the kickback payments if any information concerning them ever came to light.

5. In or about June 2004, Crosby and Clark organized a meeting between Keefe Commissary representatives and DUGGER and DEESE at DUGGER's Suwannee, Florida vacation home. During this meeting, DUGGER, DEESE and Keefe Commissary representatives discussed entering into a business relationship wherein DUGGER and DEESE's corporation, AIS, would operate the visiting park canteens in the FDOC prisons on a primarily cash basis.

6. In or about June 2004, DUGGER and Clark agreed that forty percent (40%) of the revenues that DUGGER and DEESE generated (via AIS) from the business arrangement with Keefe Commissary would be paid to Crosby.

7. In or about August 2004, AIS was, at CROSBY's direction, authorized as a subcontractor on the contract between FDOC and Keefe Commissary.

8. On or about October 1, 2004, because of Secretary Crosby and Clark's facilitation on behalf of DUGGER and DEESE with representatives of Keefe Commissary, DUGGER and DEESE, via AIS, consummated a subcontractor relationship with Keefe Commissary to operate the visiting park canteens in the FDOC



prisons throughout Florida. Crosby approved this subcontractor relationship between AIS and Keefe Commissary.

9. In or about November 2004, DEESE, via the AIS Office Manager, instructed AIS employees to travel to FDOC prisons throughout Florida to retrieve the cash generated from the sales at the visiting park canteens in the FDOC prisons and bring the cash back to AIS in Gainesville, Florida. DEESE, via the AIS Office Manager, instructed the AIS employees to do this each week until early June 2006.

10. In or about November 2004, DUGGER and DEESE instructed the AIS Office Manager to withhold a specific amount of cash each week from AIS's bank deposits. This cash was used, at least in part, to make the kickback payments to Crosby and Clark.

11. On or about November 20, 2004, DEESE paid a cash kickback to Allen Clark.

12. In 2005, DEESE provided an envelope containing approximately \$12,000.00 to a former FDOC employee (an associate of Clark) for Clark in the parking lot of a Sonny's restaurant in Gainesville, Florida.

13. On or about the twentieth of each month after November 20, 2004 to in or about January 2006, DEESE, at the direction of DUGGER, paid cash kickbacks to Clark.

14. On or about October 10, 2005, DEESE, on behalf of DUGGER, DEESE and AIS, sent AIS check number 1054 in the amount of \$5,000.00 to pay a personal credit card bill of a Keefe Commissary executive as a kickback for that individual's role in increasing AIS's commission under the AIS and Keefe Commissary subcontract from

thirty percent (30%) to thirty-eight percent (38%) of sales.

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**  
**(EXTORTION)**

At some point between January 9, 2009 and January 14, 2009 and continuing to at least in or about late October 2009, in Osceola County, Florida, in the Middle District of Florida, and elsewhere,

EDWARD LEE DUGGER

the defendant herein, did obstruct, delay and affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, specifically the obtaining of property from Keefe Corporation induced by the wrongful use of actual and threatened fear of economic loss to its representative, J.D.

In violation of Title 18, United States Code, Section 1951.

**FORFEITURE**

1. The allegations contained in Counts One and Two of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. From their engagement in the violations alleged in Count One of this Indictment, punishable by imprisonment for more than one year, the defendants,

EDWARD LEE DUGGER  
JOSEPH ARTHUR DEESE,

shall forfeit to the United States of America, pursuant to Title 18, United States Code,

Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all of their interest in any property constituting or derived from proceeds obtained directly or indirectly as a result of the said violations, including but not limited to the following:

- a. A sum of money equal to \$2,350,122.75 in United States currency, representing the amount of proceeds obtained as a result of the offenses, 18 U.S.C. § 371, for violations of 18 U.S.C. § 666(a)(2), for which the defendants are jointly and severally liable; and
- b. Approximately \$102,019.11 in United States currency seized by the Federal Bureau of Investigation from AIS on June 7, 2006, in that such sum constitutes or is derived, directly or indirectly, from proceeds traceable to the commission of the offenses, 18 U.S.C. § 371, for violations of 18 U.S.C. § 666(a)(2), and 18 U.S.C. § 1951, asset id number 06-FBI-003127.

3. From his engagement in the violations alleged in Count Two of this Indictment, punishable by imprisonment for more than one year, the defendant,

EDWARD LEE DUGGER

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all of his interest in any property constituting or derived from proceeds obtained directly or indirectly as a result of the said violations, including but not limited to, a sum of money equal to \$76,473.51 in United States currency, representing the amount of proceeds obtained as a result of the offenses, 18 U.S.C. § 1951.

4. If any of the property described above, as a result of any act or omission

of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

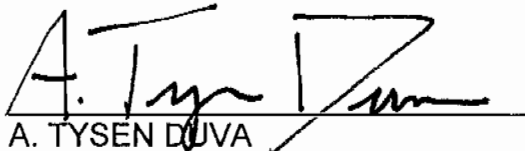
the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL,

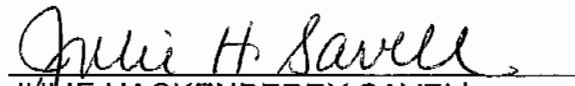
\_\_\_\_\_  
Foreperson

A. BRIAN ALBRITTON  
United States Attorney

By:

  
A. TYSEN DUVA  
Assistant United States Attorney

By:

  
JULIE HACKENBERRY SAVELL  
Assistant United States Attorney  
Chief, Jacksonville Division